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Clear Copy of Cable CC-3894, 16 Apr 48

Reourads WX-96654, WX-90566, WX-85682, ourads CC-7904, CC-1701, CC-3450, and State Department telegram from Lovett to Dorr, 31 December 1947. Definition of monetary gold is subject.

1. In para 3 of ourad CC-1701 we transmitted to you our working definition for monetary gold which we had based on Angell's definition. Thus we considered monetary gold to represent "gold in such form as to permit it by normal practice to be held as a part of the gold reserves of a central bank, specifically including any gold that can be identified as having been so held." This definition is based only on the form, shape, mint markings, and/or assay certificates of gold and not on its source.

2. In urad WX-90566 in reply to CC-1701, however, you instructed us to be guided by Angell's report and by definition included in Tripartite Gold Commission questionnaire. Since the definition used by TGC is based not on appearance of gold alone but in addition emphasizes the criterion of source, we feel that Mr. Angell's definition ("gold in such form as to be a medium of exchange") has been narrowed down considerably and, if used by us, would leave us with certain lots of gold which do not satisfy the monetary category as employed by TGC nor the non-monetary classification as defined by WX-85682. We are presently holding gold which is "in such form as to permit it by normal practice to be held as a part of the gold reserves of a central bank" but the origin of which is either unknown or which "at the time of its looting or wrongful removal" according to our records was not "held by respective government's central bank or monetary authority as part of that country's monetary reserve."

3. The most important of such lots presently held by FED consists of

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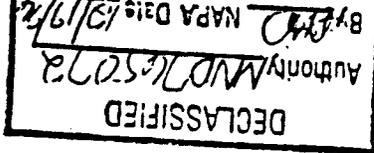
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64 gold bars totaling weight of 25,682.530 fine ounces claimed to be property of the firm Dollfus-Mieg, Muehlhausen/Alsace, contained in boxes bearing seals of Sec. Banque Suisse, Le Locle. Sixty-three of these bars bear Russian mint marking "Mockba" but lack assay certificates and remaining bar is Swiss good delivery bar. This lot of gold is said to have been confiscated by the Germans; French inquired about it in 1946. This gold is not monetary according to the TGC definition and France therefore cannot file claim for it on present TGC questionnaire. It cannot be considered non-monetary since it does not support attributes prescribed by WX-85682 such as unidentifiability as to national and individual origin, heirlessness, loot from victims of Nazi persecution nor does it qualify as non-monetary as defined in pars 1 and 3 of State Department telegram.

4. Most gold deposited under Law 53 will also fail to fall within TGC definition of monetary gold nor will it, on the other hand, represent non-monetary gold as defined by WX-85682 and State Department telegram.

5. We would also like to mention that the TGC definition of monetary gold seems to be in contradiction with the definition apparently used in cables CC-7904 and WX-96654 when in reply to our question: "What disposition is to be made of monetary gold falling under WX-85682?", you answered: "Monetary gold to go entirely to gold pot." (It is not possible for monetary gold as defined by TGC to be at the same time Nazi victim loot as defined by WX-85682.) WX-96654, however, is in harmony with Angell's Final Report on the Paris Conference since he there referred to "non-monetary gold taken by the Nazis from their victims" and apparently used this expression in contrast to monetary gold which he defined as "gold in such form as to be a medium of exchange."

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6. Since the TGC in their acceptance and satisfaction of monetary gold claims employ a narrower definition than the one indicated by Argell, we desire your immediate instructions as to the definition we should employ for shipping monetary gold to the TGC. If you favor our use of the TGC definition for these shipments, we will need your additional guidance as to the classification and final disposition of the category of gold which cannot be classified as monetary gold as defined by TGC nor considered non-monetary gold. Since the origin of some of this gold has been established, we do not feel free to turn it over to the IHO as non-monetary gold as indicated in para 1 of State Department telegram. According to WX-85965, WX-99226 and present occupation directive, gold is excluded from restitution.

7. In connection with monetary gold definition we also desire to draw your attention to the fact that gold held pursuant to Law 53, which is not in monetary form (sheets, wire, etc.) and which according to our records originated neither from monetary (cf TGC definition) nor non-monetary (cf WX-85682) source, will have to be classified and disposed of. We request your authority to make this gold available to the Precious Metals Control Office of the Verwaltung fuer Wirtschaft (Economic Administration) for such use in the German economy as deemed appropriate by them, excepting gold which can be shown to have been looted and with respect to which we shall request your instructions as specific cases arise.

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